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THE *Livestock* SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

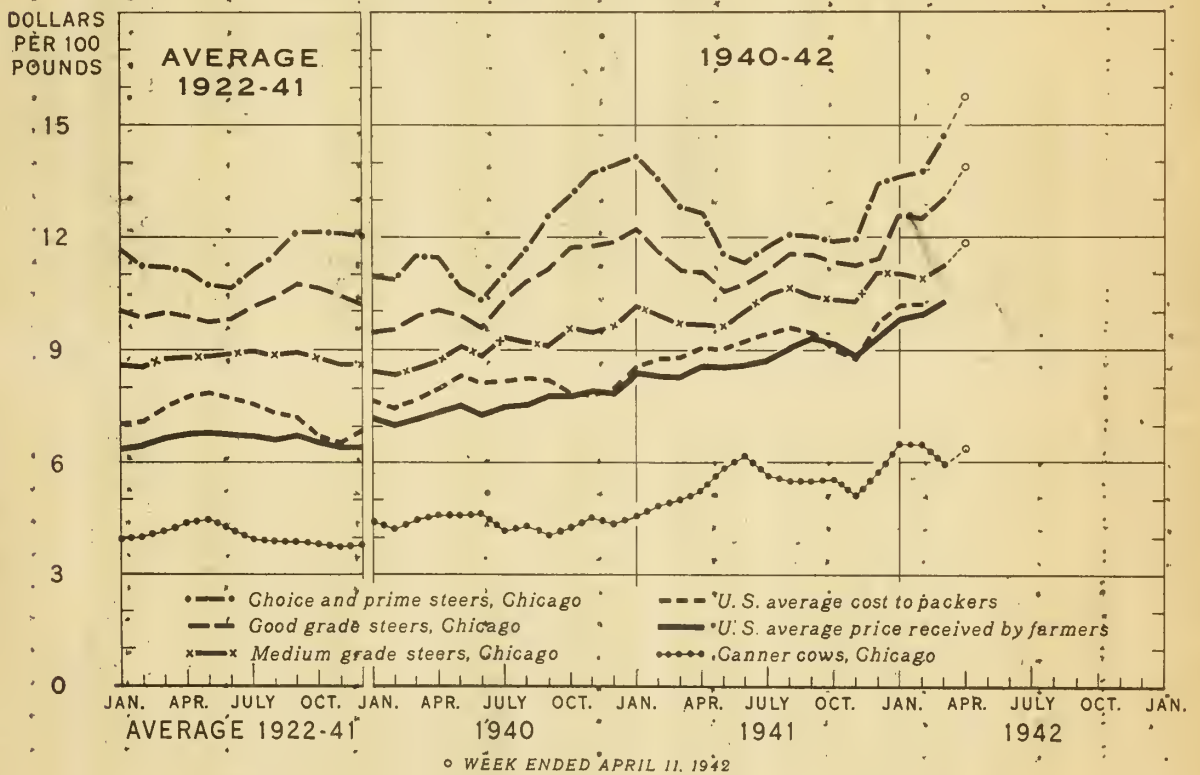
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APRIL 1942

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U. S. DEPARTMENT OF AGRICULTURE

NEG. 42110.

BUREAU OF AGRICULTURAL ECONOMICS

ALTHOUGH THE GENERAL LEVEL OF ALL CATTLE PRICES ADVANCED, PRICES OF
FED STEERS WERE RELATIVELY LOW COMPARED WITH PRICES OF OTHER CLASSES OF
CATTLE DURING MOST MONTHS OF 1941 AND EARLY 1942. UNUSUALLY LARGE
MARKETINGS OF WELL-FINISHED FAT CATTLE, TOGETHER WITH A STRONG DEMAND FOR
THE PLAINER KINDS OF SLAUGHTER CATTLE, APPEAR TO HAVE BEEN RESPONSIBLE
FOR THIS PRICE SITUATION. THE IMPROVEMENT IN FED STEER PRICES DURING RE-
CENT WEEKS REFLECTS A SHARP REDUCTION IN MARKET SUPPLIES OF SUCH CATTLE.

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Cattle prices, by months, for selected classes and grades at Chicago,
average price received by farmers, and average cost to packers
per 100 pounds, average 1922-41, 1941-42

Period:	Average price received by farmers	Average cost to packers	Market prices at Chicago								Feeder steers, average all weights and grades
			Choice and prime steers	Good steers	Medium steers	Common steers	Heifers, average of good and choice	Good cows	Canner cows	Good beef bulls	
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
1922-41:											
average:											
Jan.	6.38	7.04	11.67	10.05	8.60	7.27	9.06	6.42	3.94	6.39	7.30
Feb.	6.43	7.09	11.22	9.86	8.56	7.33	8.90	6.39	4.01	6.24	7.47
Mar.	6.63	7.46	11.18	9.98	8.78	7.69	9.11	6.72	4.16	6.29	7.92
Apr.	6.78	7.75	11.07	9.91	8.81	7.71	9.18	6.97	4.39	6.48	8.00
May	6.81	7.84	10.72	9.77	8.84	7.80	9.15	7.13	4.48	6.60	8.15
June	6.75	7.73	10.65	9.82	8.90	7.64	9.11	6.94	4.22	6.54	7.64
July	6.72	7.59	11.12	10.18	8.97	7.36	9.50	6.87	3.94	6.64	6.94
Aug.	6.61	7.35	11.53	10.39	8.84	7.04	9.75	6.83	3.89	6.47	7.06
Sept.	6.72	7.21	12.10	10.72	8.95	7.04	10.02	6.75	3.88	6.46	7.40
Oct.	6.55	6.71	12.12	10.64	8.79	6.89	9.95	6.51	3.83	6.32	7.20
Nov.	6.41	6.53	12.08	10.44	8.61	6.92	9.75	6.36	3.75	6.24	6.97
Dec.	6.40	6.83	12.03	10.20	8.62	7.08	9.50	6.37	3.80	6.33	6.98
1941:											
Jan.	8.37	8.57	14.19	12.21	10.13	8.34	11.70	7.90	4.59	7.96	9.70
Feb.	8.31	8.78	13.56	11.64	9.90	8.45	11.30	8.12	4.85	7.94	9.76
Mar.	8.27	8.81	12.80	11.12	9.69	8.72	11.19	8.34	5.00	7.98	9.78
Apr.	8.55	9.06	12.57	11.07	9.68	8.50	11.54	8.41	5.26	8.06	10.10
May	8.51	9.01	11.56	10.54	9.60	8.50	10.99	8.54	5.83	8.44	10.21
June	8.61	9.23	11.32	10.74	10.03	8.76	10.90	8.64	6.18	8.86	10.67
July	8.73	9.43	11.76	11.11	10.43	8.70	11.50	8.77	5.64	9.19	9.97
Aug.	9.04	9.57	12.06	11.58	10.62	8.54	11.73	8.72	5.50	8.92	9.61
Sept.	9.32	9.46	12.02	11.56	10.38	8.40	11.76	8.51	5.47	8.90	10.28
Oct.	9.14	9.01	11.88	11.36	10.32	8.64	11.84	8.61	5.55	9.09	10.03
Nov.	8.82	8.74	11.95	11.24	10.22	8.85	12.02	8.04	5.10	9.25	9.31
Dec.	9.34	9.72	13.42	11.41	11.04	9.17	12.87	8.69	5.74	9.54	9.97
1942:											
Jan.	9.77	10.14	13.63	12.54	11.02	9.39	13.22	9.60	6.48	10.18	10.36
Feb.	9.93	10.17	13.79	12.47	10.88	9.22	13.02	9.31	6.45	10.16	10.48
Mar.	10.26	---	14.71	13.03	11.24	9.66	13.04	9.59	5.97	10.38	11.27
Apr. 1/	---	---	15.79	13.91	11.87	10.31	13.70	10.40	6.38	10.50	12.12

1/ Average for week ended April 11.

T H E L I V E S T O C K S I T U A T I O N

Summary

The market movement of the large 1941 fall pig crop is now under way, and a fairly sharp increase in hog supplies is expected within the next few weeks. Inspected hog slaughter during the first half (October-March) of the 1941-42 marketing year was about the same as a year earlier, but during the last half (April-September) an increase of around 15 percent over 1940-41 is expected.

Lend-lease purchases of pork and lard are to be stepped up sharply. Packers operating under Federal inspection have been requested to offer for sale to the Department of Agriculture at least $2/5$ of their pork production and $2/3$ of their lard production during the next 3 to 6 months. Despite the prospective large purchases of hog products for lend-lease the total supply of all meats available for domestic consumption may not differ greatly from that in the corresponding period of 1941 since supplies of other meats are larger.

Hog prices on April 15, after advancing about \$1.00 during March and early April, were the highest in 16 years. The spread between prices of live hogs and hog products was fairly wide during the first week of March, the base period for ceiling prices on pork products. This wide spread permitted hog prices to advance in recent weeks in response to the strong demand for hogs.

The number of cattle on feed in the Corn Belt on April 1 was nearly as large as a year ago. Slaughter supplies of fed cattle during the spring and summer may again be quite large. These increases contrast with earlier reports which indicated that cattle feeding operations might be reduced

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somewhat this spring compared with last. Prices of fed steers have advanced fairly sharply in recent weeks, reflecting a considerable reduction in supplies of heavy fat cattle since the first of the year. Prices of such cattle generally decline during the winter and spring, but this tendency will be at least partially offset by the prospective reduction in consumer supplies of pork.

Marketings of slaughter cattle during the first 3 months of 1942 totaled about 20 percent larger than a year earlier. Inspected slaughter for the quarter was the largest on record. Although it is unlikely that this rate of increase over 1941 will be maintained throughout the year, it now appears that total cattle slaughter in 1942 will be substantially larger than it was last year.

Weather and feed conditions during March were mostly unfavorable for the development of the early lamb crop, and the condition of early lambs on April 1 was below average for that date. Mid-April prospects for the late lamb crop were generally favorable, however. Despite the large marketings of fed-lambs during March, the number of such lambs remaining to be marketed in early April was fairly large, and with the development of Texas yearlings delayed by unfavorable weather and feed conditions, supplies of old-crop lambs are expected to continue fairly large for several more weeks.

-- April 22, 1942

HOGS

DEVELOPMENTS DURING THE PAST YEAR - Purchasing of pork and lard under the Lend-Lease Act was begun in March 1941, and in April farmers were urged to expand hog production by feeding hogs to heavier weights and by increasing their 1941 fall crop. Stimulated by improving demand and Government purchases of pork and lard, hog prices have advanced steadily since last spring, and they are now at the highest level reached since 1926. Goals announced originally in September 1941 called for an increase of about 15 percent in the 1942 spring pig crop. Hog producers have responded well to the Nation's war program, and a substantially greater increase than this is expected.

Hog Prices Reach 16-Year Peak in April

Chicago top price for hogs reached \$14.65 on April 13 the highest in 16 years. Prices have weakened a little since then probably reflecting the moderate downward revision of April 15 in the ceiling prices for pork products.

Although maximum wholesale prices for pork were established in March, at the approximate levels prevailing during the first week of the month, hog prices advanced about \$1.00 from early March to mid-April. As shown in the accompanying table, the spread between average wholesale prices of hog products and the price of live hogs was quite wide during the week ended March 7. This wide spread permitted hog prices to advance in response to strong demand conditions.

The advance in hog prices during recent weeks has been more pronounced for prices of heavy hogs than for prices of light-weight hogs, chiefly because of the premium placed upon the heavier cuts of pork by the Department of Agriculture in its lend-lease purchase program. In mid-April the average prices of butcher hogs weighing 300 pounds and over were slightly higher than prices of hogs weighing 200-240 pounds. Ordinarily in April heavy hogs sell at prices 40-50 cents below those of light weight hogs.

Wholesale prices per 100 pounds of hog products and live hogs,
Chicago, January-April 1937-41 and 1942

Week and month	1942			1937-41 average		
	Hog	Hog	Gross	Hog	Hog	Gross
	products	prices	spread or	products	prices	spread or
	1/	2/	margin 3/	1/	2/	margin 3/
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
January 10	12.47	11.53	.89			
17	12.43	11.40	1.03			
24	12.28	11.59	.69			
31	12.39	11.83	.56			
	12.39	11.60	.79	8.74	7.99	.75
February 7	13.03	12.38	.65			
14	13.54	12.64	.90			
21	13.83	12.89	.94			
28	14.18	13.02	1.16			
	13.64	12.73	.91	8.82	8.09	.73
March 7	14.38	13.18	1.20			
14	14.40	13.48	.92			
21	14.03	13.43	.60			
28	14.12	13.37	.75			
	14.23	13.36	.87	8.84	8.09	.75
April 4	14.39	13.64	.75			
11	14.54	14.14	.40			
18						
25						
				8.92	7.97	.95

1/ Value of all edible products, fresh basis (lard rendered) in 100 pounds of live hog computed from wholesale prices on carlot basis, Chicago, reported by National Provisioner daily market report. 2/ Mean of daily quotations on Good and Choice hogs 180-200 pound weight, Chicago.

Revisions in Maximum Prices for Pork Products

Temporary Maximum Price Regulation No. 8 affecting wholesale prices of pork products was announced March 10, effective March 23 for a 60-day period. The maximum wholesale prices established by the order were those prevailing during the 5 days March 3-7. This level of prices was based upon actual market prices at which packers sold pork products during this period and upon the price lists which many packers issue for use by their branch managers and salesmen. Packers basing maximum prices upon such lists were required to file them with the Office of Price Administration not later than March 21. The Office of Price Administration stated that the temporary price regulation probably would be followed, within the 60-day period, by a permanent maximum price regulation. The following amendments have been made to the order since its announcement on March 10.

Amendment No. 1 (March 21) granted an extension in the time allowed packers to file their price lists with the Office of Price Administration.

Amendment No. 2 (March 24) provided for the exemption from the price ceilings of certain sales for export made prior to March 11.

Amendment No. 3 (March 24) provided that the sale of wholesale pork cuts to the Federal Surplus Commodities Corporation and to other Government military purchasing agencies might be made at prices not more than 2 cents per pound higher than the March 3-7 ceiling levels. This amendment was made because in some cases sales of pork to the Federal Surplus Commodities Corporation were made not on the basis of price lists but upon prevailing market price plus an added charge to cover costs incident to meeting Government specifications. Another provision of this amendment established specified market prices for canned or packaged luncheon meat made entirely from pork and canned or packaged spiced ham.

Amendment No. 4 (March 31) provided for an alternative method of determining price ceilings based upon the sellers' maximum prices during the period February 23-28 plus specified upward adjustments of $1/4$ to $1-1/2$ cents per pound on eight different cured pork products. This amendment was designed to prevent undue financial hardships to certain small packers who, because of their method of basing current prices upon replacement costs, were placed at a disadvantage relative to other sellers.

Amendment No. 5 (April 6) allowed packers whose practice it is to sell dressed hog carcasses on the basis of current live hog prices multiplied by a percentage factor, to continue this method of determining current sales prices. Because hog prices advanced following the first week of March, the margin between prices of live hogs and wholesale pork products had become very narrow for packers following this sales practice.

Amendment No. 6 (April 15) was made in order to offset the advantage gained by certain packers, who made unwarranted price advances during late February and early March in anticipation of the ceiling order on wholesale pork prices. This amendment redefines the ceiling price level as prices prevailing during the 5 days February 16-20 plus specified

additions of 1/2 to 4 cents per pound for the several kinds of pork products. In announcing this amendment the Office of Price Administration stated that this method of computing maximum prices will reflect prices which actually prevailed during the 5 days March 3-7 more accurately than the method originally prescribed.

Hog-Corn Price Ratio Improves Further
with Advancing Hog Prices

Corn prices have not changed greatly during the past 3 months, and the recent advance in hog prices has been reflected in continued improvement in the hog-corn price ratio. The ratio based upon Chicago average prices for the week ended April 11 was 17.3, compared with about 14.0 in January and the long-time average of 11.6. This is the most favorable ratio for feeding corn to hogs since early fall 1938. At that time, the average price of hogs at Chicago was about \$7.75 and corn was 45 cents a bushel.

Seasonal Increase in Hog Marketings Expected

The weekly rate of hog marketings during March and early April was only a little greater than that of a year earlier. The market movement of the large 1941 fall pig crop is getting under way, however, and hog supplies are expected to increase fairly sharply within the next few weeks. Market reports indicate that because of the very favorable hog-corn price ratio, and because of the narrow spread between prices of light and heavy hogs, many farmers are feeding their fall pigs to relatively heavy weights, and this has delayed marketings somewhat.

Inspected hog slaughter during the first half (October-March) of the 1941-42 marketing year totaled about the same as that of a year earlier, but in the last half of the year (April-September), when the large 1941 fall pig crop is being marketed, an increase of around 15 percent over 1940-41 is expected.

Lend-Lease Purchases of Pork and
Lard to be Increased Sharply

Lend-lease purchases of pork and lard are to be increased sharply during the next 3 to 6 months. In early April the Agricultural Marketing Administration issued a request to packers operating under Federal inspection to offer for sale to the Department of Agriculture at least two fifths of their production of pork cuts and canned pork, and two thirds of their production of lard. With consumer demand for meats the strongest in many years, prices of hog products probably will remain at or near the maximum prices permitted under ceiling orders.

Despite the prospective large purchases of pork for lend-lease during the next few months, the total supply of all meats remaining for domestic consumption may not differ greatly from that of the corresponding period of 1941. On the basis of a 15-percent increase in hog marketings during April-September, pork production under Federal inspection during this period would total around 3,200 million pounds. With cattle and calf slaughter about 10 percent greater than a year earlier, the April-September

production of all meats under Federal inspection would amount to about 7,000 million pounds, compared with 6,300 million pounds in the corresponding period of 1941 and 5,900 million pounds in those months of 1940. If 40 percent of the pork products produced under Federal inspection in the April-September period is purchased by the Government, about 1,000 million pounds more meat would be withdrawn from consumption than was withdrawn in the corresponding period of 1941. However, because of the probable increase in total meat production, the net decrease in meat supplies available for domestic consumption compared with a year earlier would be only about 500 million pounds, or 5 percent of the estimated total quantity of all meats domestically consumed in the April-September period last year.

The following table shows total purchases of pork and lard by the Department of Agriculture since March last year.

Purchases of pork and lard by the Department of Agriculture
March 1941-April 1942

Period	Pork		Lard	Total pork and lard
	Cured and frozen	Canned		
	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.
Month: 1941				
Mar.	---	---	37,507	37,507
Apr.	30,458	15,006	31,258	76,723
May	47,775	28,117	64,812	140,704
June	10,085	6,604	19,442	36,132
July	29,840	20,461	19,068	69,369
Aug.	46,223	28,861	26,893	101,978
Sept.	29,478	23,882	21,308	74,667
Oct.	19,688	48,523	51,048	119,258
Nov.	17,986	37,749	37,329	93,064
Dec.	11,498	20,819	17,544	49,861
Total Mar.-Dec. .	243,030	230,022	326,209	799,261
1942				
Jan.	32,056	75,335	67,241	174,632
Feb.	6,236	41,653	41,925	89,814
Mar. 7	645	6,120	10,977	17,742
14	6,179	10,930	4,725	21,834
21	9,175	15,296	8,976	33,447
28	9,177	19,203	9,150	37,530
Apr. 4	21,052	27,643	40,955	89,650
11	24,532	22,701	17,492	64,725

Storage Holdings of Pork and
Lard Reduced in March

Storage holdings of pork were reduced about the average seasonal amount during March. Stocks on April 1 totaled 590 million pounds, about the same as the 1936-40 average quantity for that date but nearly 200 million pounds less than the large stocks held on April 1 last year.

Cold storage holdings of lard were reduced about 25 million pounds during April, whereas they usually increase slightly during the month. Stocks of lard on April 1 were much smaller than those of a year earlier, but they were a little larger than the 1936-40 average for that date.

Included in the April 1 storage holdings were 2.3 million pounds of cured pork and 2.5 million pounds of lard held outside of processors' hands and owned by the Department of Agriculture. The large reduction in pork and lard stocks this year compared with last probably reflects large purchases for lend-lease shipment during the past 12 months.

Storage holdings of pork and lard on the first of the month, average 1935-36 to 1939-40, 1940-41 and current marketing year

Month	Pork			Lard			Rendered pork fat	
	Average:			Average:				
	1935-36:	1940-41:	1941-42:	1935-36:	1940-41:	1941-42:	1940-41:	1941-42:
	to	to	to	to	to	to	to	to
	1939-40:			1939-40:				
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Oct.	299.8	329.2	371.4	77.7	235.7	214.3	1/	3.7
Nov.	277.3	303.7	313.3	62.3	223.2	173.2	1/	4.3
Dec.	330.9	408.9	350.3	68.8	232.5	171.0	5.1	5.4
Jan.	458.4	656.2	468.5	104.3	287.0	181.2	7.1	5.3
Feb.	568.7	739.9	613.7	138.4	299.6	204.4	7.2	5.1
Mar.	600.5	791.9	616.6	156.0	317.4	201.9	9.2	4.7
Apr.	585.2	785.4	2/590.7	162.7	310.4	2/177.8	8.3	2/4.8
May	570.7	795.9		162.1	321.1		6.6	
June	533.5	798.5		168.2	366.1		7.8	
July	505.3	703.9		174.6	374.7		7.8	
Aug.	458.3	618.9		168.1	332.9		7.4	
Sept.	380.3	485.1		145.6	282.7		5.4	

1/ Not distinguished from lard prior to December 1940.

2/ Preliminary.

SHEEP AND LAMBS

DEVELOPMENTS DURING THE PAST YEAR.- Sheep numbers have increased moderately since 1935, particularly in the Western States. The number of stock sheep on farms and ranches at the beginning of 1942 was 3 percent larger than a year earlier, and the largest on record. This upward trend in sheep numbers has been accompanied by a similar increase in the annual lamb crop. The 1941 crop of 34.5 million head was the largest in the 18 years of record. Weather and feed conditions were unusually favorable for the development of the early lamb crop last year.

Early Lamb Prospects Less Favorable
Than a Year Earlier

Weather and feed conditions during March were mostly unfavorable for the development of the early lamb crop, and the condition of early lambs on April 1 was below average for that date. The most unfavorable conditions were reported in Texas and the Northwestern States where cold weather delayed the growth of new feed. Dry, cool weather in California during March also was unfavorable for the development of pasture and range feed, so that California lambs are being marketed earlier this year than last and a larger proportion of the total supply is remaining in feeder condition.

Marketing of early lambs from Arizona began in March, and a fairly large movement in late April and early May is expected. Early lambs have developed favorably in Arizona. Prospects for the late lamb crop are good.

As a result of unfavorable weather and feed conditions during March, the condition of sheep in Texas is rather poor; early lambs have not developed well, and losses have been heavy. Yearlings have made poor gains, and few will be in slaughter condition before late spring.

In the Southeastern States, the percentage of ewes that had lambs before April 1 was below average. The number of lambs saved per ewe lamb was about average, however, and the condition of the early lambs is generally good. The market movement of early lambs from this area will be later this year than last.

In Missouri and several other Corn Belt States the development of the early lamb crop was rather slow as a result of unfavorable weather and a shortage of green feed. Prospects for spring pastures are very good.

Sheep and Lamb Slaughter Up
Sharply in March

Inspected slaughter of sheep and lambs during March totaled nearly 1.7 million head, 19 percent more than in February and 18 percent more than in March last year. It was the largest commercial slaughter of sheep and lambs ever recorded for March. The large increase in March slaughter over that of February and March 1941 resulted chiefly from the unusually large marketings of fed lambs during the month. However, the number of lambs remaining in feed lots in several important feeding areas at the end of March was reported to be considerably larger than a year earlier, and total supplies of old crop lambs probably will continue fairly large for several more weeks.

Lamb Prices Little Changed
Despite Large Marketings

Prices of slaughter lambs strengthened a little in late March and then declined moderately in early April. Prices have not changed greatly during the past several weeks, however, despite the large increase in marketings. The average price of Good and Choice grade slaughter lambs at Chicago in mid-April was a little over \$12.00, slightly higher than a month earlier, and a

little more than \$1.00 higher than a year earlier. Prices for Good and Choice spring lambs at Kansas City in mid-April at \$12.40 also were about \$1.00 higher than in April last year.

BEEF CATTLE

DEVELOPMENTS DURING THE PAST YEAR.- Cattle numbers have been increasing since 1938, and in 1941 numbers had reached the point at which marketings for slaughter could be increased materially at the same time that herds were being built up further. The total number of cattle and calves on farms and ranches at the beginning of 1942 was slightly larger than the previous peak number reached in 1934. The Department of Agriculture has recommended that cattle and calf slaughter be increased materially in 1942 so as to stabilize numbers at about their present level. This would increase supplies of beef and veal during 1942. The general level of cattle prices has advanced considerably during the past 2 years. Average prices received by farmers for beef cattle are now the highest they have been since 1919.

Cattle on Feed April 1 Nearly as Large as a Year Earlier

The estimated number of cattle on feed in the Corn Belt, April 1 was only 2 percent smaller than that of a year earlier, despite the large marketings of fed cattle during the preceding 3 months. Shipments of feeder cattle into the Corn Belt last fall and early winter were substantially smaller than a year earlier, but the in-movement during January-March probably was as large as in those months last year. The estimates of marketings and shipments indicate that the number of cattle on feed January 1 probably was larger than was estimated earlier, and that a fairly large number of cattle raised in the Corn Belt are being fed for market.

The proportion of cattle on feed longer than 3 months probably was about as large on April 1 as a year earlier. This information, together with marketing intentions reported by cattle feeders, indicates that the monthly supply of fed cattle during the next 4 or 5 months may be about the same this year as last. This is in contrast with earlier indications which pointed to a fairly large reduction in the number of well-finished cattle to be marketed during the coming spring and summer.

Cattle Slaughter Continues Large in March

Inspected cattle slaughter during March totaled 929,000 head, 4 percent more than in February and 21 percent more than in March last year. It was the largest number of cattle slaughtered under Federal inspection on record for the month.

Marketings of slaughter cattle were increased sharply in May last year, and marketings have been substantially greater than a year earlier during the past 10 months. In the first 3 months of 1942, inspected cattle slaughter

totalled 2.9 million head, also 21 percent greater than a year earlier and the largest slaughter on record for the quarter. It is unlikely that this rate of increase over 1941 will be maintained throughout the year. But even though it should be reduced considerably during coming months, it now appears that total cattle slaughter in 1942 will be substantially larger than it was last year, when it amounted to about 16.6 million head.

Marketings of calves for slaughter during the first 3 months of 1942 totalled about 7 percent greater than in those months last year. The increase in calf slaughter over that of a year earlier has been much smaller than the increase in cattle slaughter during recent months, due in part at least to the holding back of calves for increasing dairy herds. Total calf slaughter in the United States during 1941 amounted to about 9.3 million head, and the estimated total number of both cattle and calves slaughtered during the year was 25.9 million head. The 1942 goal for total cattle and calf slaughter announced by the Department of Agriculture in January is 28.0 million head.

Cattle Prices Advanced During March and Early April

The recent upward trend of fed steer prices continued during March and early April, reflecting a sharp reduction in marketings of fed cattle and the continued strong consumer demand for meats. The average price of Good grade beef steers at Chicago for the week ended April 11 was \$13.90, about \$1.00 higher than in early February and \$2.60 higher than a year earlier. Prices of feeder steers have advanced less than fat cattle prices since the first of the year, but the spread between prices is still narrow. Prices of veal calves continue much higher than a year earlier.

Ordinarily prices of well-finished slaughter cattle reach a peak for the year in the late fall or winter and then decline during the spring and early summer. With relatively large supplies of fed cattle in prospect for this spring and summer, it seems possible, if not likely, that fed steer prices will decline somewhat during the next few months. However, with the prospective reduction in supplies of pork for domestic consumption during the next few months, this tendency may be less pronounced than usual.

FEED SUPPLIES

A record disappearance of corn during January-March reduced total stocks on April 1 to 1,405 million bushels, 3 percent less than the record April 1 stocks last year. Total disappearance of corn for the 6 months October-March was 12 percent greater than a year earlier, reflecting the sharp increase in the production of livestock and livestock products now under way. If corn utilization continues at this rapid rate during the last half of the marketing year, the carryover next October 1 probably will be 15 to 20 percent smaller than last year's carryover of 646 million bushels. This figure included nearly 400 million bushels in the Ever-Normal Granary and was 300 to 400 million bushels larger than the usual October 1 carryover.

With average growing conditions this year, production of the four feed grains - corn, oats, barley, and grain sorghum - is expected to be a little smaller than in 1941, when yields were near record. Planting intentions

reported in early April show little change in the total acreage of these crops this year compared with last. The combined acreage of soybeans, peanuts, cotton, and flax is expected to be larger this year than last, and the total supply of high protein feeds in 1942-43 probably will be about 15 percent larger than this year's supply.

The condition of western ranges on April 1 was fair to good, with ample moisture for starting new feed in most regions. Except for Texas where cold, dry weather has delayed the growth of new feed, range feed conditions are better than a year earlier in the Eastern Range States. In the 7 far Western States, range feed conditions are mostly below that of a year earlier and below average for this time of the year.

MARKET PRICE EQUIVALENTS OF PARITY FOR SELECTED CLASSES AND GRADES OF BEEF CATTLE AT CHICAGO

Official parity prices for beef cattle and other farm products are published monthly by the Department of Agriculture according to definitions of parity prescribed in several acts of Congress. In general, the parity price for any commodity may be described as that price which will purchase the same amount of goods farmers buy as it did in some prescribed base period, usually August 1909-July 1914. It is calculated each month by multiplying the base period average price received by farmers (\$5.42 for beef cattle) by the current index of prices paid by farmers, including interest and taxes. In March 1942, this index was 148 and the parity price for beef cattle was \$8.02

Average prices received by farmers for beef cattle, upon which parity prices are based and which are compared with parity prices, have been compiled and published by the Department of Agriculture since 1909. They are averages of prices paid for all beef cattle sold at local markets on or about the 15th of the month. Because of the great variation in the quality and finish of beef cattle sold, these average prices cover a wide range and are not representative of prices received for any specific class and grade of cattle. Consequently, the parity price for beef cattle as reported currently is generally unsatisfactory for comparison with actual prices received for the various classes and grades of cattle sold at terminal markets.

So far it has not been feasible to obtain price quotations for beef cattle by classes and grades at local markets. However, a method for determining the average or normal market equivalents of parity has been worked out for several important classes and grades of cattle at Chicago. These parity equivalents are shown in table 1 for March together with the average market prices reported for the month.

This table and the chart on the cover page show that in recent months market prices of fed steers have been low compared with their usual relationship to prices of other classes of cattle. For example, the average price of Choice and Prime steers at Chicago in March was only 109 percent of its parity equivalent, whereas the average price of cows was 119 percent and the price of beef bulls was 135 percent. For several months in 1941 and early 1942 slaughter supplies of well-finished cattle have been quite large, whereas the demand

for the lower grades of slaughter cattle has been unusually strong. These factors seem to account for the comparatively high percentage of their parity equivalent shown by prices of cows, heifers and bulls, and the low percentage shown by prices of steers. Steer prices have been advancing sharply in recent weeks, however, and in mid-April they were probably considerably higher with respect to their parity equivalent than they were in March.

Included also in table 1 is the reported price and parity equivalent for the average cost to packers of all cattle slaughtered under Federal inspection. This average reflects the general level of prices of all slaughter cattle at market centers. Largely because of the strong country demand for feeding and breeding stock during the past year, prices at local markets have averaged somewhat higher than usual relative to the average price for all slaughter cattle at market centers. This is indicated by the higher percentage of parity for the average price received by farmers than the percentage of its parity equivalent shown by the average cost to packers for cattle.

The ratios in table 2 are presented for convenience in calculating the Chicago market equivalents of parity. These figures are ratios of the average monthly and annual market prices at Chicago, and of the average cost to packers, to the United States average price received by farmers for beef cattle in the 20-year period January 1922-December 1941. Slight adjustments in the calculated ratios have been made for the purpose of eliminating irregular fluctuations from the seasonal pattern. To compute the Chicago market equivalent of parity for any month, the parity price of beef cattle, shown in table 1, is multiplied by the ratios shown in table 2 for the several classes and grades of cattle in the corresponding month.

As will be noted, different ratios are used for the separate classes and grades of cattle in each month of the year. This is necessary because the relationship of the prices of the several classes and grades to the average price received by farmers fluctuates in a more or less regular fashion from season to season each year. The 1922-41 average ratios shown in this table are indicative of the usual seasonal relationships between prices of the several classes and grades of cattle sold by farmers throughout the year.

It should be emphasized that the basis for the official parity price for beef cattle is still the United States average price received by farmers; it will be compiled and published in the future as it has been in the past. The concept of parity refers only to prices received by farmers at local markets. The figures given in table 1 are not parity prices by classes and grades of beef cattle, but are the average or normal equivalents of parity for the specified classes and grades of beef cattle marketed at Chicago. These market equivalents are subject to revision as additional data become available, or whenever it appears that marketing conditions have substantially changed. It is believed, however, that they will be helpful in evaluating the current market price situation relative to the parity standard.

Table 1.-- Parity price equivalents and reported prices per 100 pounds for selected classes and grades of beef cattle at Chicago, and United States average cost to packers, March 1941, February and March 1942

Class and grade	March 1941				February 1942				March 1942			
	Dol.		Pct.		Dol.		Pct.		Dol.		Pct.	
	Parity or parity equiv- alent	Re-ported aver- age price	age of parity or parity equiv- alent	Percent- age of parity or parity equiv- alent	Parity or parity equiv- alent	Re-ported aver- age price	age of parity or parity equiv- alent	Percent- age of parity or parity equiv- alent	Parity or parity equiv- alent	Re-ported aver- age price	age of parity or parity equiv- alent	Percent- age of parity or parity equiv- alent
United States average price received by farmers	6.99	8.27		118	7.97	9.93		125	8.02	10.26		128
United States average cost to packers	7.83	8.81		113	8.85	10.17		115	8.98	11		---
Market prices at Chicago--												
Beef steers (sold out of first hands from the Corn Belt)--												
Choice and Prime	11.81	12.80		108	13.95	13.79		99	13.55	14.71		109
Good	10.48	11.12		106	12.27	12.47		102	12.03	13.03		108
Medium	9.23	9.69		105	10.68	10.88		102	10.59	11.24		106
Common	8.04	8.72		108	9.17	9.22		101	9.22	9.66		105
Heifers, average of Good and Choice	9.58	11.19		117	11.08	13.02		118	10.99	13.04		119
Cows:												
Good	7.06	8.34		118	7.97	9.31		117	8.10	9.59		118
Canner	4.40	5.00		114	4.94	6.45		131	5.05	5.97		118
Beef bulls, Good	6.71	7.98		119	7.73	10.16		131	7.70	10.38		135
Feeder steers, average all weights and grades	8.25	9.78		119	9.25	10.48		113	9.46	11.27		119

1/ Not available.

Table 2.- Ratio of cattle prices at Chicago and average cost to packers to the United States average price received by farmers for beef cattle, 1922-41 average by months for selected classes and grades 1/

Class and grade	: Jan. :	: Feb. :	: Mar. :	: Apr. :	: May :	: June :	: July :	: Aug. :	: Sept. :	: Oct. :	: Nov. :	: Dec. :	: Year :
United States average cost to :													
packers	1.09	1.11	1.12	1.14	1.15	1.14	1.13	1.11	1.08	1.04	1.04	1.07	1.10
Market prices at Chicago -													
Beef steers (sold out of													
first hands from the													
Corn Belt):													
Choice and Prime	1.82	1.76	1.69	1.64	1.60	1.61	1.66	1.74	1.80	1.85	1.87	1.87	1.74
Good	1.57	1.54	1.50	1.47	1.45	1.47	1.52	1.57	1.60	1.62	1.52	1.60	1.54
Medium	1.34	1.34	1.32	1.31	1.31	1.32	1.33	1.34	1.34	1.34	1.35	1.35	1.33
Common	1.13	1.15	1.15	1.15	1.14	1.13	1.10	1.07	1.06	1.06	1.08	1.11	1.11
Heifers, average of Good													
and Choice	1.43	1.40	1.38	1.36	1.35	1.37	1.42	1.47	1.50	1.51	1.51	1.47	1.43
Cows:													
Good	1.00	1.01	1.02	1.03	1.04	1.04	1.03	1.03	1.02	1.00	1.00	1.00	1.02
Canner61	.62	.63	.65	.65	.63	.60	.59	.59	.59	.59	.60	.61
Beef bulls, Good99	.97	.96	.96	.97	.98	.98	.98	.97	.97	.98	.99	.97
Feeder steers, average													
all weights and grades	1.13	1.17	1.18	1.19	1.17	1.13	1.08	1.07	1.09	1.10	1.09	1.11	1.13

1/ Based on the 3 month moving averages of ratios of 1922-41 average prices.

Livestock: Marketings and slaughter statistics, by species,
February 1942 with comparisons

Item	Unit	Annual totals			1941		1942	
		1939	1940	1941	Mar.	Feb.	Mar.	
Cattle and calves -								
Number slaughtered under Federal inspection:	Thou-							
Steers	sands	4,588	4,866	5,459	389	456		
Cows and heifers	"	4,446	4,481	4,992	349	404		
All cattle	"	9,446	9,756	10,946	766	891	929	
Percent cows and heifers are of total cattle	Per-cent	47.1	45.9	45.6	45.6	45.4		
Calves	Thou-sands	5,264	5,359	5,461	444	392	491	
Average live weight:								
Cattle	Pounds:	943	940	961	966	977		
Calves	"	191	191	196	177	184		
Total dressed weight:								
Cattle	pounds:	4,803	4,971	5,739	405	473		
Calves	"	559	568	599	44	41		
Shipments of feeder cattle and calves to seven Corn Belt States 1/	Thou-sands	2,093	2,036	1,890	83	61		
Hogs -								
Number slaughtered under Federal inspection	Thou-sands	41,368	50,398	46,520	3,904	3,892	4,134	
Average live weight	Pounds:	235	232	241	238	237		
Percent packing sows are of all purchases at seven markets	Percent:	13	11	11	4	6	5	
Total production under Federal inspection:								
Pork	pounds:	5,552	6,614	6,345	527	520		
Lard 2/	"	1,272	1,527	1,526	130	128		
Average yield per hog:								
Pork	Pounds:	134.2	131.2	136.4	134.9	133.6		
Lard 2/	"	30.8	30.4	32.9	33.4	33.1		
Sheep and lambs -								
Number slaughtered under Federal inspection	Thou-sands	17,241	17,351	18,125	1,408	1,407	1,669	
Average live weight	Pounds:	86	86	88	96	96		
Total dressed weight:	Mil. lb.	694	702	750	62	62		
Shipments of feeder lambs to seven Corn Belt States 1/	Thou-sands	3,102	3,330	3,152	118	82		
Total dressed weight of live-stock slaughtered under Federal inspection								
	Mil. lb.	13,353	14,951	15,523	1,216	1,271		

1/ Total shipments direct and from public stockyards to Ohio, Indiana, Michigan, Wisconsin, Minnesota, Iowa, and Nebraska.

2/ Including rendered pork fat.

Livestock prices per 100 pounds (except where noted) by species,
February 1942, with comparisons

Item	1941		Mar.		1942		
	annual	1924-29	1940	1941	Jan.	Feb.	Mar.
	average	av.					
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
<u>Cattle and calves -</u>							
Beef steers sold out of first hands at Chicago:							
Choice and Prime	12.23	12.37	11.50	12.80	13.63	13.79	14.71
Good	11.36	11.42	9.86	11.12	12.54	12.47	13.03
Medium	10.02	10.25	8.51	9.69	11.02	10.88	11.24
Common	8.64	8.98	7.37	8.72	9.39	9.22	9.66
All grades	11.33	10.71	9.31	10.81	12.60	12.39	12.59
Good grade cows at Chicago	8.43	7.91	7.18	8.34	9.60	9.31	9.59
Vealers, Good and Choice at Chicago	12.17	12.31	10.44	10.80	14.16	14.06	14.41
Stocker and feeder steers at Kansas City	9.93	<u>1/</u> 9.58	8.97	10.29	10.59	10.69	11.47
Average price paid by packers:							
All cattle	9.14	8.66	7.67	8.81	10.14	10.17	<u>2/</u>
Steers	10.67	<u>2/</u>	8.80	10.18	11.66	11.51	<u>2/</u>
Calves	10.12	10.92	8.95	9.80	11.63	11.70	<u>2/</u>
<u>Hogs -</u>							
Average market price at Chicago:							
Barrows and gilts	9.47	<u>2/</u>	5.13	7.69	11.44	12.65	13.42
Sows	9.34	<u>2/</u>	4.40	6.98	10.58	11.93	12.93
All purchases	9.45	10.65	5.07	7.64	11.36	12.58	13.37
Average price paid by packers	9.42	10.58	5.07	7.60	11.13	12.38	<u>2/</u>
Average price No. 3 Yellow corn at Chicago <u>3/</u>	70.4	87.8	57.9	65.6	81.8	81.9	81.7
Hog-corn price ratio at Chicago <u>4/</u>	13.4	12.5	8.8	11.6	13.9	15.4	16.4
<u>Sheep and lambs -</u>							
Slaughter lambs, Good and Choice grade at Chicago	11.32	15.48	10.10	11.03	12.47	12.09	12.03
Feeder lambs, Good and Choice grade at Omaha	10.27	14.37	---	9.75	11.35	10.92	10.92
Ewes, Good and Choice grade at Chicago	5.43	8.60	5.34	6.41	6.24	6.50	7.26
Average price paid by packers for sheep and lambs	10.16	14.63	9.44	10.40	11.42	11.35	<u>2/</u>
Index retail meat prices <u>5/</u>	92.4	97.1	78.2	88.1	100.1	101.9	<u>2/</u>
Index income of industrial workers	127	100.0	110.0	110.5	153.0	150.0	<u>2/</u>

1/ 1925-29 average; not available prior to 1925.

2/ Not available.

3/ Cents per bushel.

4/ Number of bushels of corn equivalent in value to 100 pounds of live hogs.

5/ Bureau of Labor Statistics, 1924-29 = 100.

6/ Bureau of Agricultural Economics, 1924-29 = 100.

